

## THE RETIREMENT FINGERPRINT®

JANUARY/FEBRUARY 2020

## NEWS YOU CAN USE

## What Is an Economic Decline vs. a Recession?

An economic decline happens when various measures of growth begin to falter. For example, the unemployment rate increases, inflation starts to rise, housing values drop, and consumers and companies reduce spending. However, just because some of these things occur doesn't mean the country will enter a recession.

A recession is generally defined as two or more consecutive quarters of negative economic growth, most commonly measured using real gross domestic product (GDP).

Recessions are sometimes generated by the strain of external factors, such as a war or a hiccup in global trade agreements that leads to a reduced supply of key goods.<sup>1</sup>

However, recessions can also occur during the natural course of a growing economy.

Businesses may increase production to take advantage of higher demand, but this can lead to oversupply, which puts a strain on overhead expenses and reduces profit. This, in turn, may trigger layoffs, falling stock prices and, potentially, a recession.<sup>2</sup>

Therefore, the difference between an economic decline and a recession is largely defined by the number of weakened factors and their duration.

Give us a call if we can help address any concerns you have about the economy and its potential impact on your individual financial picture.

<sup>1</sup> Chris Seabury. Investopedia. Sept. 28, 2019. "Perhaps Recessions and Depressions Aren't So Bad." <https://www.investopedia.com/articles/economics/09/lessons-recessions-depressions.asp>. Accessed Oct. 10, 2019.

<sup>2</sup> Ibid.

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## RADIO SHOW

THE RETIREMENT FINGERPRINT®  
SATURDAYS 7:30A-8A  
AS HEARD ON AM830 KLA

AM 830



## THAT TIME OF YEAR

# Escape the Cold: Indoor Winter Activities

According to the Farmers' Almanac, winter in the U.S. this year is expected to be frosty with a chance of intermittent warm spells. Some meteorologists are calling it a "Polar Coaster." The almanac predicts two-thirds of the country will face a colder-than-normal winter season, particularly areas like Boston, Washington, the Great Lakes and the Northern Plains.<sup>1</sup>

If you're stuck inside this winter, don't let the weather get you down. Make a list of projects and hobbies you've wanted to pursue, because now is a good time.

Perhaps you've been meaning to clean

out closets or the pantry. A chilly day is a great time to organize stacks of pictures in photo albums while curled up next to the fireplace.

If you enjoy being online, reach out to friends and family who may be feeling isolated. Engage in ongoing posts and emails sharing your day-to-day thoughts and activities. Keeping in touch can help you stay entertained and give you the next communication to look forward to.

While you're online, consider taking a MasterClass ([www.masterclass.com](http://www.masterclass.com)) from a well-known authority. This comprehensive instructive website

offers seminars at reasonable rates on a wide variety of topics, such as learning how to master poker and the art of Italian cooking.

Speaking of gourmet adventures, winter is an ideal time to experiment with new recipes — particularly since running the stove can help warm up the house. It's also a great time to catch up on your reading, play board games, piece together a puzzle or plan a vacation.

<sup>1</sup> Kendall Trammell. CNN. Aug. 28, 2019. "Expect a 'Polar Coaster' and really cold temperatures this winter, the Farmers' Almanac says." <https://www.cnn.com/2019/08/27/weather/farmers-almanac-weather-forecast-2020-wxc-trnd/index.html>. Accessed Oct. 1, 2019.

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— but not its flagship location in Manhattan. The Madison Avenue property's rent nearly doubled in 2019 to \$30 million but Barneys understands its customers value the prestige and tactile services of its famous showroom.

Tourists from all over the world make a point to shop at Barneys when they visit New York. This location is the personification of its luxury brand.<sup>1</sup>

## The Barneys Effect: How the Luxury Market Is Changing

There has always been a marked distinction between luxury brands and local store goods. As it turns out, that demarcation may be primarily driven by the actual storefront location of a luxury brand.

While there are lots of expensive items you can buy online, luxury consumers

are drawn by specific brand names — and nowhere are those brands more coveted than in the stores themselves.

Barneys New York recently announced that it is filing for Chapter 11 bankruptcy protection. The company plans to close stores in Chicago, Seattle, Las Vegas and other cities

And yet, the trend is unmistakable. Other luxury stores, such as Saks Fifth Avenue and Nordstrom, are struggling in the e-commerce era. They face growing competition from strictly online retailers such as Moda Operandi and Net-A-Porter, proving luxury brands no longer need a storefront to appeal to the upscale market.<sup>2</sup>

<sup>1</sup> Knowledge@Wharton. Aug. 27, 2019. "Bye Bye, Barneys? Why Luxury Is the Latest Retail Casualty." <https://knowledge.wharton.upenn.edu/article/barneys-bankruptcy/>. Accessed Oct. 3, 2019.

<sup>2</sup> Ibid.

### HOW TO ...



## ... Save Money with an Electric Car

- The average cost of operating an electric vehicle (EV) is \$485 per year, compared to \$1,117 for a gas-powered car.
- Electricity rates are consistent over time, unlike gas prices.
- EVs do not require oil changes.
- Electric motors provide quieter, smoother and stronger acceleration.
- EVs require less maintenance than internal combustion engines.
- Regenerative brakes help recharge the battery whenever you stop.
- Fully electric cars can travel between 100 and 200 miles on a single charge.
- You can install a 240-volt Level 2 charger in your garage to recharge an EV in three to nine hours.
- A public Level 3 station can recharge an EV in less than 45 minutes.
- EVs have no tailpipe emissions and reduce overall emissions by 34%.

Duke Energy. 2019. "Electric Vehicles Take Charge." <http://www.myenergytips.com/article.aspx?accountId=210005&articleId=46710&nl=25396&userId=30921685>. Accessed Oct. 4, 2019.

# Back to Basics: Tips for Retirement Planning

Because life expectancy is longer for today's retirees than in previous generations, people need to save more money for a longer period of time. The good news is awareness on this issue is high; the bad news is savings efforts are not. A 2018 survey by the Federal Reserve found that one-quarter of non-retired adults had no savings at all.<sup>1</sup>

T. Rowe Price recommends saving about 11 times your preretirement salary by age 65. However, the rate at which you save depends on how early you start and how consistent you are. Ideally, young adults should aim to save at least 15% of their annual income consistently throughout their careers.

If you start later, consider increasing that share over time to help shore up the effort. Many employers now make this easy to do by automatically enrolling workers in a payroll deferment retirement savings plan and even periodically increasing that savings rate.<sup>2</sup>

Deciding where to invest your money can be confusing. As a general rule, diversify your choices over a range of asset classes, such as stocks, bonds and cash instruments. This can help reduce risk and take advantage of growth opportunities in different sectors.

However, pay attention to make sure many of your holdings don't overlap. For example, a growth mutual fund may have many of the same securities as an S&P 500 index fund. Also recognize that your IRA investments



could overlap with your employer-sponsored retirement plan.

Most investors will want to incorporate a growth component in their retirement portfolios. This is true even for retirees since, over a long retirement, they'll want their income to keep pace with inflation. The key is to determine an appropriate percentage of your assets to allocate to stocks or a stock mutual fund. Investors typically reduce that percentage as they get older.

You may want to consider diversifying your retirement portfolio across a combination of tax-deferred, tax-free and taxable investments. For example, if you have an employer-sponsored plan at work, you also may want to save through an individual Roth IRA.

The money you save in a Roth cannot be deducted from your current taxes like 401(k) deferrals. However, the money contributed to a Roth (up

to \$6,000/year in 2019; \$7,000 if you're age 50 or older) grows on a tax-deferred basis, and qualified withdrawals are not subject to taxes when withdrawn.<sup>3</sup>

*Investing involves risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.*

<sup>1</sup> The Board of Governors of the Federal Reserve System. May 2019. "Report on the Economic Well-Being of U.S. Households in 2018." <https://www.federalreserve.gov/consumerscommunities/files/2018-report-economic-well-being-us-households-201905.pdf>. Accessed Nov. 6, 2019.

<sup>2</sup> Judith Ward. T. Rowe Price. Aug. 23, 2019. "Aiming for a 15% Savings Goal." <https://www.troweprice.com/personal-investing/planning-and-research/t-rowe-price-insights/retirement-and-planning/retirement-savings/why-and-how-to-save-15-a-year-for-retirement.html>. Accessed Oct. 10, 2019.

<sup>3</sup> IRS. "Retirement Topics – IRA Contribution Limits." <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits>. Accessed Oct. 30, 2019.

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## THE SCOOP

# Work Trends: The Paid Sabbatical

Americans are stressed out. The constant strain of juggling demands of work and home life has fostered an idea that workers need more than just two weeks' paid vacation each year to prevent burnout.

Some employers have introduced a new benefit to do the trick: a paid sabbatical.

The concept of an extended period of paid leave to travel, publish or acquire new skills has long been a benefit enjoyed by college faculty. Now, rank-and-file corporate employees want in on the game.

The paid sabbatical has become a highly sought-after workplace benefit as a way to retain employees who might

otherwise look for another job after a few years. Today's low unemployment rate has generated fierce competition for talent, so employers are using the paid sabbatical as a carrot for retention.

In 2019, 25% of Fortune's 100 Best Companies to Work For offer a paid sabbatical program. According to a 2018 Employee Benefits Report, 15% of U.S. companies grant sabbaticals, 5% with paid leave and 10% unpaid. Here are a few examples:<sup>1</sup>

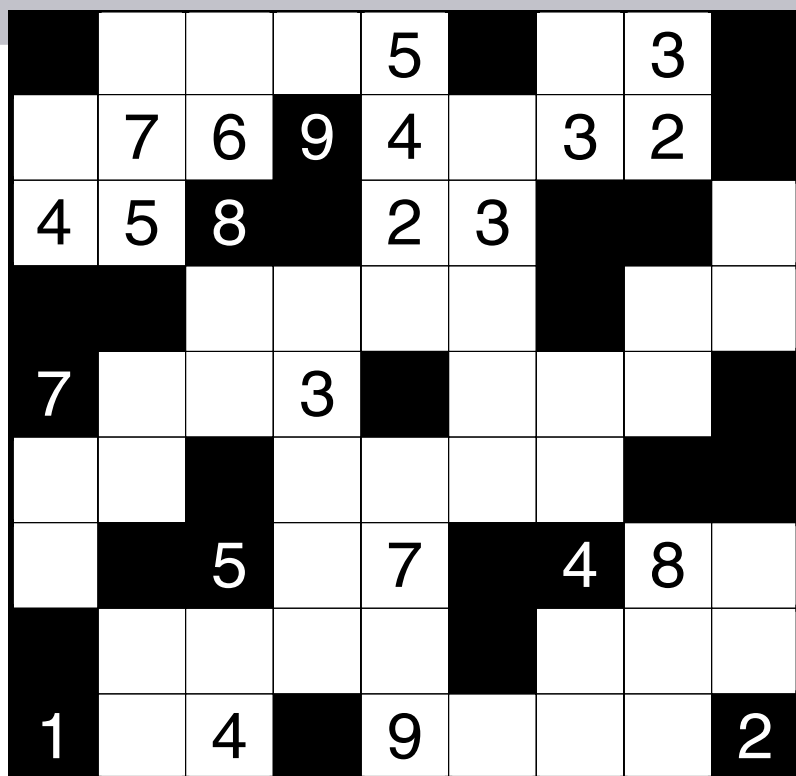
- General Mills offers employees one paid and one unpaid sabbatical after seven years.
- Autodesk offers a six-week sabbatical after four years of service.



- Patagonia grants sabbaticals to employees who use time off to volunteer with environmental groups.

<sup>1</sup> Bruce Anderson. LinkedIn. April 16, 2019. "Steal This One Idea from College Campuses to Improve Employee Retention – and Rejuvenate Your Workforce." <https://business.linkedin.com/talent-solutions/blog/employee-retention/2019/steal-this-idea-from-college-campuses-to-improve-employee-retention>. Accessed Oct. 6, 2019.

## BRAIN GAMES



© 0 Syndicated Puzzles

## Str8ts

### Game Rules

Rows and columns are divided into compartments of white squares. Use single numbers to complete a straight for each compartment. A straight is a set of numbers with no gaps and in any order. No single number can repeat in any row or column. Clues in black cells remove that number as an option in that row and column, and are not part of any straight





Gift experiences instead of things.

**DECEMBER**

Dine with cloth napkins and real plates and silverware — not paper or plastic.

**NOVEMBER**

**OCTOBER**

Donate gently used clothes to those in need.



Embrace meat-free Mondays and eat more sustainable food.

**SEPTEMBER**

Complete an art project with items already in your house.

**AUGUST**

Compost your food waste to recycle responsibly.

**JULY**



Walk more, drive less and reduce the use of gas.

**JUNE**



Plant a garden. Spend more time outdoors and grow your own food.

**MAY**

Spring clean your unwanted electronics and recycle them.

**APRIL**



Use reusable shopping bags for your groceries.

**MARCH**

Opt for paperless receipts and bills — go digital!

**FEBRUARY**

Say no to bottled water and use a reusable bottle instead.

**JANUARY**



# 2020 Challenge

Reduce,  
Reuse,  
Recycle



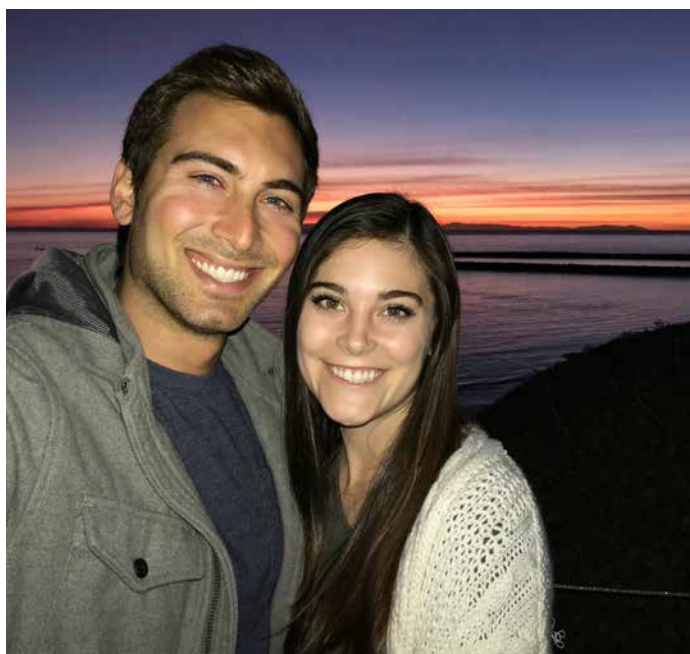
**START HERE**

Follow these monthly challenges to go green in the new year.



## CENTER STAGE

**BELOW:** Our New Business Specialist, Jordan and his girlfriend Stephanie at Inspiration Point in Newport Beach



**ABOVE:** Art and his wife Michelle in Italy on the Amalfi Coast. The photo was taken in Ravello high above Amalfi. The weather was perfect.



**RIGHT:**

AJ and his Fiancé, Ashlyn, enjoying a trip to New Orleans.

## BRAIN GAMES

ANSWER KEY:

	6	7	8	5		2	3	
5	7	6	9	4	1	3	2	
4	5	8		2	3			7
		1	4	3	2		5	6
7	1	2	3		4	5	6	
3	2		7	8	5	6		
2		5	6	7		4	8	9
	4	3	5	6		7	9	8
1	3	4		9	6	8	7	2

## RECIPE

cut here ✂



### TOMATO SOUP WITH CHICKPEAS AND PASTA

#### INGREDIENTS

7 cups canned pureed tomatoes with their juice  
2 Tbsp. olive oil  
1 onion, chopped  
2 cloves garlic, minced  
1/2 tsp. dried sage  
2 cups canned low-sodium chicken broth or homemade stock

2 cups water  
1 3/4 tsp. salt  
1/2 cup ditalini or other small pasta  
2 cups drained and rinsed canned chickpeas  
1/3 cup chopped fresh parsley  
1/4 tsp. freshly ground black pepper  
1/8 cup grated Parmesan cheese, plus more for serving

#### INSTRUCTIONS

1. In a large pot, heat the oil over moderately low heat. Add the onion and cook, stirring occasionally until soft (about 10 minutes). Stir in the garlic.
2. Add the pureed tomatoes, sage, broth, water and salt. Bring to a boil.
3. Stir in the pasta and chickpeas. Bring the soup back to a boil, then reduce the heat.
4. Cook, partially covered and stirring occasionally, until the pasta is tender (about 15 minutes).
5. Stir in the parsley, pepper and Parmesan cheese.
6. Serve topped with additional Parmesan.



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## UPCOMING DATES

### JANUARY

20 MARTIN LUTHER KING, JR. DAY

### FEBRUARY

14 VALENTINE'S DAY

17 PRESIDENTS DAY



WEALTH  
MANAGEMENT